



सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE

PTB. 168(N)
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REPORT

OF THE

INDIAN TARIFF BOARD

ON THE CONTINUANCE OF PROTECTION TO THE

BICHROMATES INDUSTRY



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BOMBAY

1949

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NEW DELHI, the 24th December, 1949.

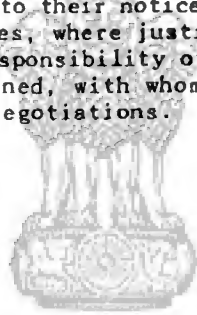
RESOLUTION
(Tariff)

No.9(1)T.B./49.- Under the Government of India, Department of Commerce, Resolution No. 218-T(55)/45 dated November 3, 1945, the Tariff Board enquired into the claim of the Bichromates industry for protection or assistance. Protection was granted by converting the then revenue duty into a protective duty at 30% *ad valorem* on potassium bichromate, sodium bichromate and chrome compounds under Item 28(17) of the First Schedule to the Indian Customs Tariff. Under the provisions for automatic review of protected industries, of the Government of India, Ministry of Commerce, Resolution No.30-T(1)/48 dated August 6, 1948, the Tariff Board have conducted a fresh enquiry. Their recommendations are as follows:-

- (1) The present Item 28(17) of the first schedule to the Indian Customs Tariff, making potassium bichromate, sodium bichromate and chrome compounds subject to a protective duty of 30% *ad valorem*, should continue up to March 31, 1952;
- (2) the policy of import control should take cognizance of the fact that the indigenous industry can not only satisfy the total demand of the country, but also retain a surplus for exports;
- (3) Government should include bichromates as one of the chief articles of export—
 - (a) in all bilateral trade agreements, and
 - (b) in any scheme of assistance to be evolved to implement the recommendations of the Export Promotion Committee;
- (4) sufficient chrome compounds should be produced to prevent the consuming industries using substitutes;
- (5) substantial reduction in the cost of bichromates should be achieved;
- (6) export markets should be developed;

- (7) soda ash should be obtained at a reasonable price;
- (8) specific proposals should be made to the Railway Board for reduction of freight rates on raw materials;
- (9) a more economic utilisation of raw materials should be sought so as to lower the cost of production;
- (10) a by-product, sodium sulphate, should be recovered for supply, to the paper mills in India; and
- (11) the production of sodium sulphide from sodium sulphate should be undertaken and offered to the textile and other consuming industries at competitive prices.

2. Government accept recommendations (1) to (3), subject, as regards recommendation (3), to the industry taking steps for the disposal of the by-product, sodium sulphate either after purification or after conversion into sodium sulphide, in order to reduce the cost of bichromates. Recommendations (4) to (11) concern the industry whose attention is drawn to them. As regards recommendation (8), however, it is brought to their notice that the concession of special freight rates, where justifiable, between any given points is the responsibility of individual railway administrations concerned, with whom it will be for the industry to initiate negotiations.



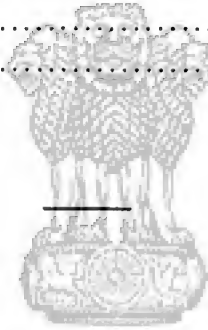
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PERSONNEL OF THE PANEL WHICH HEARD THE CASE

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Dr. B. V. NARAYANASWAMY NAIDU, M.A., B.Com., Ph.D., Barrister-at-Law	<i>Member</i>
Mr. M. E. RAHMAN	<i>Member</i>



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REPORT ON CONTINUANCE OF PROTECTION TO THE BICHROMATES INDUSTRY

The period of protection granted to the bichromates industry which was extended by the Protective Duties Reference to the Board. (Miscellaneous Provisions) Act, 1949, is due to expire on 31st March, 1950. According to paragraph 2 of the Government of India, Ministry of Commerce, Resolution No. 30-T(1)/48, dated 6th August, 1948 (*vide* Appendix I), the Board has to conduct an inquiry to determine whether the protection enjoyed by the industry should be continued beyond 31st March, 1950.

2. (a) The claim of the bichromates industry for protection Previous Tariff or assistance was first referred to the interim Board Inquiry. Tariff Board for investigation by the Department of Commerce, Government of India, in their Resolution No. 218-T(55)/45, dated 3rd November, 1945. The reference arose out of a representation made to Government by the All-India Bichromate Manufacturers' Association, Bombay. After holding necessary inquiries, the Board submitted its Report to Government on 21st May, 1946. The recommendations made by the Board were as follows:—

- “(1) The present revenue duty of 30 per cent. *ad valorem* should be immediately made into a protective duty which should be levied till the end of March, 1949.
- (2) Rs. 46 per cwt. should be taken as the limit for the c.i.f. price for the purpose of Section 4(1) of the Indian Tariff Act, and if the c.i.f. price falls below that figure, the quantum of duty should be raised so as to maintain the measure of protection recommended by the Board, the fair selling price being assumed to be Rs. 60 per cwt.
- (3) Government should take steps to ensure that sulphuric acid is made available to bichromate manufacturers at a price not exceeding Rs. 160 per ton.
- (4) The same duty of 30 per cent. *ad valorem* should apply to sodium bichromate, potassium bichromate and all chrome compounds which together should form one item in the tariff schedule.
- (5) Restrictions on import should continue until effect is given to our recommendations.
- (6) The All-India Bichromate Manufacturers' Association should make arrangements for supplying standard quality of bichromates to consuming industries, and particularly to the paint and tanning industries.

The quality should be at least 98 per cent. pure, the sodium sulphate content should not exceed 1 per cent. and the packing should be air tight.

- (7) The industry is advised to use limestone instead of lime as a possible factor in the reduction of cost of production.
- (8) The industry is advised to undertake its own production of sulphuric acid in its campaign for a reduction in the cost of production. Action taken on this recommendation by the industry should be a relevant consideration if and when the industry comes up again for protection.
- (9) The All-India Bichromate Manufacturers' Association should actively undertake or support research on an adequate scale for the recovery and economic disposal of sodium sulphate.
- (10) Government should grant facilities to bichromate manufacturers for export of bichromates to foreign countries."

Government passed orders on these recommendations in their Resolution No. 218-T(69)/46, dated 21st December, 1946. Government accepted recommendations (1), (2) and (4) above. They were, however, of the opinion that the costs of production of indigenous bichromates should have been based on the cost analysis of a factory which had actually produced 600 tons in a year, which the Board considered as an economic unit for this industry. Consequently, Government granted protection for a period of one year only instead of three years as recommended by the Board by converting the then existing revenue duty of 30 per cent. on sodium bichromate, potassium bichromate and all chrome compounds into a protective *ad valorem* duty of 30 per cent. Government further stated that it was their intention to review the position during the course of 1947 and to continue protection at this or a different rate depending on the result of such re-investigation particularly in relation to the costs of a firm which had actually produced 600 tons in a year. Government also accepted recommendation (3) and stated that they were taking steps to ensure the supply of sulphuric acid at Rs. 160 per ton. Subsequently, in 1948, the All-India Bichromate Manufacturers' Association stated in a communication addressed to the Board that Government was not supplying sulphuric acid at the price prescribed by the Tariff Board. The Tariff Board thereupon referred the matter to the Ministry of Commerce, which in its letter No. 9(3)-TB/48, dated 30th December, 1948, pointed out that the Central Government had no statutory powers to control the price of sulphuric acid and as such, Government was unable to implement this recommendation.

As regards recommendation (5) of the Board, Government had already imposed a ban on the imports of bichromates, which is still in force. Government also stated that necessary facilities would be afforded for the export of surplus bichromates to foreign countries in terms of recommendation (10) of the Board.

(b) As regards the other recommendations namely, (6), (7), (8) and (9), the industry has taken the following action. With regard to recommendation (6), the All-India Bichromate Manufacturers' Association has issued a circular to all its members asking them to follow strictly the specifications laid down by the Board in regard to quality. The Association has further stated that in spite of wide publicity, no complaint has so far been received from consumers regarding quality. The previous Board advised the industry to substitute limestone for lime in the process of manufacture as a possible measure of reducing costs of production. From the information collected by us, it is evident that this recommendation has been implemented by some factories. The manufacturers who have not been able to implement the recommendation have, however, argued that, as the freight rate on limestone is prohibitive, it is more economic for them to use lime. Another recommendation made by the Board was that the industry should undertake its own production of sulphuric acid by setting up a plant producing 3 tons per day as an adjunct to a bichromate factory with an output of not less than 600 tons of bichromate per annum. In the opinion of the Board, this was necessary since sulphuric acid was one of the primary raw materials used in the production of bichromates and constituted an appreciable portion of the total cost of production. The Board had prescribed that such production of sulphuric acid should be one of the factors which should be taken into account when the continuance of protection to the industry was considered. None of the manufacturers has fulfilled this condition because, in their view, a plant with a productive capacity of three tons of sulphuric acid per day would be uneconomic and would substantially increase the cost of production. On the other hand, they maintained that the installation of a plant for production of sulphuric acid with a very much higher capacity would prove a burden on the industry, as the consumption of acid by any individual bichromate factory would only be a fraction of the total output of acid. On the question of research on an adequate scale for the recovery and economic disposal of sodium sulphate, the Association has not taken any action. We are given to understand that some of its members have developed processes for purification of sodium sulphate and its conversion into sodium sulphide.

(c) In the latter half of 1948, the Board examined the question of continuance of protection to this industry beyond 31st March, 1949, in accordance with the Government of India, Ministry

of Commerce letter No.134-T(19)/47, dated 11th June, 1948. On a preliminary examination of the data, the Board came to the conclusion that there was a *prima facie* case for continuance of protection for one more year, i.e., upto 31st March, 1950. The Board, in its letter No.TB/G/1(15)/1, dated 17th December, 1948, accordingly recommended the continuance of protection for a further period of one year beyond 31st March, 1949; and the protective duty of 30 per cent. *ad valorem* was extended upto 31st March, 1950, by the Protective Duties (Miscellaneous Provisions) Act, 1949.

3. (a) In press communiques dated 6th May and 2nd June, 1949, the Board invited producers, importers and consumers interested in the industry, who desired their views to be considered by the Board, to submit their representations. The Board also issued its standard questionnaires for such review cases to all known producers, importers and consumers of bichromates. The Collectors of Customs at Bombay, Madras and Calcutta were requested to furnish c.i.f. prices of imported bichromates. The Directorate-General of Industries and Supplies were also requested to submit a memorandum on the development and progress of the industry since the grant of protection in December, 1946.

(b) On 1st August, 1949, Dr. B. V. Narayanaswamy Naidu and Mr. M. E. Rahman, Members of the Board, visited the factory of the Buckingham & Carnatic Co., Ltd., Madras, one of the principal producers of bichromates in South India. The Government Dichromate Factory at Belagula, Mysore, was visited by Mr. M. E. Rahman on 6th August, 1949. Mr. G. L. Mehta, President, Dr. B. V. Narayanaswamy Naidu and Mr. M. E. Rahman, Members, accompanied by Mr. R. Doraiswamy and Mr. S. S. Mehta, the Secretary and Technical Adviser respectively of the Board, visited the Premier Chromate and Chemical Works, Ltd., Bombay, on 5th September and the Pioneer Chromate Works, Ltd., Bombay, on 8th September, 1949. Mr. S. S. Mehta, the Board's Technical Adviser, visited the Government Dichromate Factory, Belagula, on 5th May, 1949. He also paid a visit to the Cawnpore Chemical Works, Ltd., Kanpur, on 18th May, 1949. Mr. P. V. R. Rao, Cost Accounts Officer attached to the Board, visited the Premier Chromate and Chemical Works, Ltd., Bombay, for ascertaining the cost data relating to bichromates manufactured by that firm. The cost data of the Pioneer Chromate Works, Ltd., Bombay, as supplied by the firm, were scrutinised by the Board for purposes of comparison. A public inquiry was held on 9th September, 1949, at Bombay. A list of persons who attended the public inquiry and who were examined by the Board is given in Appendix II.

4. In estimating the demand for bichromates, the previous Domestic Tariff Board (1946) had anticipated that the consumption of bichromates in the post-war period would be lower than during the war and accordingly placed the

estimate for the next three years, i.e., 1946 to 1949, at 2,400 tons per annum. This figure was in respect of consumption for undivided India. It was expected that, as a result of the partition of the country, there might be some decline in domestic demand. At the public inquiry, however, the manufacturers maintained that since the bulk of the demand for their product even before partition came from industries located in territories now forming the Indian Union, the demand for their product has not been affected by partition. On the other hand, as was anticipated by the previous Board, there has been a steep fall in the demand for bichromates since the last inquiry. According to the Association, the decline in demand was attributable to the following factors: (i) the substitution of sulphur and vat khaki dyes for bichromates in the manufacture of khaki textiles; (ii) a marked reduction in the demand for bichromates from the tanning industry, which is one of the principal consumers of bichromates; (iii) imports of chrome compounds and other derivatives of bichromates; and (iv) certain restrictions imposed by the Textile Commissioner in respect of mineral dyeing in the textile mills. This last reason was, however, not supported by the representative of the Textile Commissioner at the public inquiry. According to his estimates of consumption of textiles both civil and military, there is every probability of the demand for bichromates remaining steady. After careful consideration of all these points, we estimate the domestic consumption of sodium bichromate for the next three years to be 2,400 tons per annum. As regards potassium bichromate, which is chiefly used in the match industry, electroplating and chromic acid production, the demand can be put at 400 tons per annum for the next three years.

5. (a) When the previous Tariff Board investigated the claim of this industry in 1946, there were 17 indigenous factories engaged in the production of bichromates with a total rated capacity of 6,220 tons. The actual production, however, was much lower than the rated capacity owing to lack of demand. In fact, the industry produced only 3,225 tons in 1945, which is the peak figure so far reached in any year. The previous Board had anticipated that the industry would not be in a position to maintain even this level of production during the post-war period. Since the last inquiry, some factories have suspended production, and, at present, only 11 factories are working, some of them intermittently. As all these eleven factories have not furnished figures of rated capacity and production, we have taken the figures furnished by the D. G. I. & S. as representative. The Association has accepted these figures. A statement showing the rated capacity and actual production of these factories as furnished by the D.G., I. & S., is given in Appendix III. According to this statement, the present total rated capacity of all the eleven factories is about 5,500 tons. The actual production was 2,080 tons in 1946,

2,306 tons in 1947 and 2,939 tons in 1948. The manufacturers attributed the low production during 1946 and 1947 to lack of sufficient orders. In 1948, there was an increase in production because the manufacturers were able to export an appreciable quantity. This position was, however, reversed in the latter half of 1948 because the prices quoted by the Indian manufacturers in the export markets were high. The decline in demand from principal consuming industries, such as textiles and tanning, has also adversely affected production. Stocks have, therefore, accumulated in a number of factories with the result that many of them are working much below their capacity. In fact the Buckingham & Carnatic Co., Ltd., Madras, which is one of the biggest producers, has closed down since July, 1948. The production figures for the first half of 1949 show that some of the smaller units, which are operating at high costs, may also have to close down until such time as demand increases so as to absorb their output.

(b) We have ascertained that the present demand for bichromates is much less than the rated capacity or actual production of the industry. In our opinion our solution to the present difficulties of the industry lies in (i) the manufacturers producing chrome compounds in sufficient quantity so that consuming industries would not go in for substitutes; (ii) achieving a substantial reduction in the cost of production of bichromates; and (iii) developing of export markets.

6. (a) **PRICES.**—The chief raw materials used in the manufacture of bichromates are chrome ore, sulphuric acid, soda ash, lime or limestone, coal and furnace oil. With the exception of furnace oil, the other raw materials are available in India. One of the chief difficulties of the industry is high prices of raw materials which make it difficult to reduce the cost of production. The All-India Bichromate Manufacturers' Association stated that a large number of factories could not obtain their requirements of sulphuric acid at less than Rs. 200 per ton, while the previous Tariff Board had recommended to Government to ensure supply of sulphuric acid to bichromate manufacturers at a price not exceeding Rs. 160 per ton. This recommendation could not, however, be implemented as Government had not the necessary statutory powers to control the price of the acid. We may add that in accordance with the cost investigation carried out by us in March, 1949 in respect of some of the sulphuric acid manufacturing plants in connection with the Board's inquiry into the fair ex-works prices of superphosphate, the fair ex-works price of sulphuric acid of the four principal manufacturers of superphosphate ranged between Rs. 118 and Rs. 172 per ton. We see no reason why sulphuric acid should not be produced at these costs if the factories are worked to their full capacity.

Regarding the complaint about high prices of soda ash, we were informed that the position had improved since the latter half of 1948 and prices had come down. In the course of our inquiry into the claim for protection of the soda ash industry, we have found that there is sufficient stock in the country to last for one year. If our recommendations relating to the soda ash industry are accepted by Government, the bichromate manufacturers should be able to procure their supplies of this chemical at reasonable prices. We also suggest that the manufacturers, through their Association, might negotiate with the indigenous soda ash manufacturers and arrive at an agreement with them regarding the price of soda ash.

(b) **FREIGHT RATES.**—As regards other raw materials, particularly chrome ore, the chief complaint was that freight charges on them was excessive. We suggest that specific proposals may be made to the Railway Board for its consideration.

(c) **QUANTITIES OF RAW MATERIALS.**—The previous Board had assumed the following proportions of raw materials for the manufacture of one ton of sodium bichromate under Indian conditions, although in actual practice such efficiency of utilisation had not been attained:—

	Tons.
Chrome ore.....	1.70
Soda ash.....	1.00
Limestone.....	1.25
Sulphuric acid.....	0.60

During our recent inquiry, it was found that efficiency in regard to the utilisation of raw materials was still low except in the case of the Government Dichromate Factory, Belagula, which had consumed raw materials which were approximately the same as the quantities considered reasonable by the previous Board. The Association contended that figures for consumption of raw materials assumed by the previous Board could not be attained under Indian conditions. We do not agree with this contention, specially in view of the fact that the Government Dichromate Factory, Belagula, could nearly attain the required efficiency. We, therefore, suggest that all the manufacturers should strive towards a more economical utilisation of raw materials so as to lower the cost of production.

7. The recovery and economical disposal of sodium sulphate, which is the chief by-product in the manufacture of bichromates, have proved difficult of solution by the industry. A solution to this problem is vital since, for every ton of bichromate manufactured, one ton of sodium sulphate is recovered as by-product. In this connection, the previous Tariff Board, had rightly observed that so long as the industry

is not able to solve the problem of the disposal of sodium sulphate it will continue to suffer from the handicap of inflated cost, making it difficult for the industry to stand competition with foreign imports. The Board had, therefore, called upon the manufacturers to deal with this problem by undertaking research with a view to find out methods for the purification of sodium sulphate or for conversion of sodium sulphate into sodium sulphide. Sodium sulphate is used mainly in the paper industry where it is required in a pure form free from any chrome impurities. Many of the manufacturers have not been able to standardize the process for the purification of sodium sulphate so as to make it available at economical rates with the result that paper mills in India have not been purchasing their requirements of sodium sulphate from the bichromate manufacturers. The Government Dichromate Factory, Belagula, has, however, been able to standardize a process for purification of sodium sulphate and has been selling its product to the Mysore Paper Mills, Bhadravati, at Rs. 250 per ton. It may be possible that all the sodium sulphate produced in bichromate factories may not be disposed of in this manner, in which case we suggest that manufacturers should also undertake the production of sodium sulphide. During the inquiry into the sodium sulphide industry, the previous Board estimated the total demand for sodium sulphide for the textile, tanning and leather industries to be 3,000 tons per annum. In our opinion, this must ensure a steady market for such sulphide as is produced from sodium sulphate, which is the by-product of this industry. We believe that the bichromate manufacturers have not taken sufficient steps towards the utilisation of this by-product by purification or by conversion into sodium sulphide and we suggest that the manufacturers should take immediate steps through their Association to offer purified sodium sulphate to the paper mills in India and sodium sulphide to the textile and other consuming industries at competitive prices. The representatives of the Association at the public inquiry stated that they would be prepared to undertake production of sodium sulphide from sodium sulphate if Government gave an assurance of protection to the sodium sulphide industry. The claim of the sodium sulphide industry for protection could not be established when it came up before the previous Tariff Board for investigation in 1947 on the ground that the industry was not then well established. In the circumstances, we suggest that bichromate manufacturers should undertake production of sodium sulphide without delay, and in case they find that protection or Government assistance against foreign imports is necessary, they can approach Government later for a fresh investigation of the claim of the sodium sulphide industry for protection.

8. The previous Board specifically recommended that the
 Quality. manufacturers should supply bichromates of standard quality to consuming industries, particularly to the paint industry. All the consuming interests with

the exception of the paint industry, whose representative was not present at the inquiry, stated that they were satisfied with the quality of Indian bichromates. The paint manufacturers, in their memorandum, however, have stated that the bichromate now supplied to them was suitable for the manufacture of quality paints. The Indian Standards Institution is at present evolving specifications for bichromates and the representatives of the Association present at the inquiry stated that the manufacturers would conform strictly to those specifications.

9. Prior to the second world war and during the war, the U.K. was the main source of supply of bichromates Imports. to India. Owing to the ban imposed by Government on the imports of bichromates since 1946, practically no imports have come into the country since then. According to the Collector of Customs, Bombay, a quantity of 400 cwts. of bichromates was imported during 1948-49 mainly for laboratory purposes.

10. The previous Tariff Board had recommended that Government should grant facilities to the bichromate manufacturers for the export of bichromates, as Indian production exceeded domestic requirements. Government accepted this recommendation and promised to extend all possible assistance to the industry. According to the figures furnished to the Board, the industry exported 532 tons of bichromates in 1947 and 638 tons in 1948. Since 1948, however, exports have declined. The quantity of bichromates exported during 1949 to date amounts to only 175 tons. The manufacturers informed us that, in recent months, exports have stopped for several reasons. In the first place, it is explained that bichromate factories in Europe have resumed production. Secondly, owing to the high cost of production, the indigenous industry is not in a position to quote competitive prices in the export markets. Besides, the Indian manufacturers have to pay high ocean freight rates for the export of bichromates. These handicaps, together with a falling off in domestic demand, have resulted in accumulation of stocks with the factories.

11. Bichromates are classified under item No. 28(17) of Existing rate the First Schedule to the Indian Customs Tariff of import duty. (Thirtieth Issue). Relevant extract therefrom is given in the next page:-

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty
				The U.K.	A British colony	Burma	
28(17)	Potassium bichromate, Sodium bichromate and all chrome compounds.	Protective.	30 per cent. <i>ad valorem</i>	--	--	10 per cent. <i>ad valorem</i>	March 31st, 1950.

12. In paragraph 9 above, we have stated that there have been no appreciable imports of bichromates. It has not, therefore, been possible to obtain c.i.f. prices from the Collectors of Customs. Consequently, we had to depend on probable c.i.f. prices furnished by the Imperial Chemical Industries (India), Ltd. According to the figures furnished by them, c.i.f. prices of sodium and potassium bichromates, if imported from the U.K., would be Rs. 62-4-0 and Rs. 71-10-0 per cwt., respectively. As these figures agree with those furnished by the D.G.I. & S. in their memorandum, which were also agreed to by the Association, we have taken them for purposes of comparison with the fair selling prices of indigenous bichromates.

13. The Board has examined the cost of production of sodium bichromate manufactured by Premier Chromate and Chemical Works, Bombay during the year 1948. On the basis of this cost and in the light of other relevant data, which were discussed with the representatives of the industry, the Board has built up an estimate of the fair selling price of indigenous sodium bichromate during the next two years. The details of this estimate are shown in the following statement:-

Board's estimate of the future cost of production of one ton of Sodium Bichromate

	Qty. (in tons)	Rate Rs. per ton	Value Rs.
1. Raw materials:			
(a) Chrome Ore	1.70	113	192.10
(b) Soda Ash	1.25	290	362.50
(c) Lime	0.80	83	66.40
(d) Sulphuric Acid	0.60	200	120.00
Total materials			741.00

	Value Rs.
2. Power and fuel	193.17
3. Labour	372.96
4. Repairs & maintenance	41.41
5. Consumable stores	33.68
6. Establishment	20.38
7. Depreciation	51.00
8. Other overheads	75.64
9. Packing charges	52.54
10. Selling expenses	---
11. Interest on working capital	21.09
	<hr/> 1,602.87
12. Less credit for by-product	40.00
	<hr/> 1,562.87
13. Total cost	1,562.87
14. Return on block (@ 10%)	70.67
	<hr/> 1,633.54
Fair selling price per ton	1,633.54
	or Rs. 81-11-0 per cwt.

Annual production (assumed) 600 tons.

In working out the fair selling price mentioned above, we have assumed a production of 600 tons per annum. The quantities of raw materials actually consumed by Premier Chromates are on the high side. For the purpose of our estimate, therefore, we have taken the following quantities of raw materials for the manufacture of one ton of sodium bichromate:-

	Tons.
Chrome ore.....	1.70
Soda ash.....	1.25
Lime.....	0.80
Sulphuric acid.....	0.60

We consider these quantities to be reasonable having regard to the present state of efficiency of the industry. The cost of these raw materials is based on the latest market prices. Interest has been allowed at 4 per cent. on working capital equivalent to four months' cost of production; and return on block has been allowed at 10 per cent. As already stated, the by-product of the industry, namely sodium sulphate, is not being fully utilised. But for the purpose of the above estimate, we have allowed credit of Rs. 40 per ton of bichromate in respect of recovery of sodium sulphate. Incidentally, the same rate was adopted by the previous Tariff Board. The future fair selling price of sodium bichromate, therefore, works out to Rs. 1,633.54 per ton or Rs. 81-11-0 per cwt.

14. (a) **PROTECTIVE DUTY.**— In paragraph 12 above, we have stated that the probable c.i.f. price as furnished by the I.C.I. could be adopted as the basis of comparison with the fair selling price of indigenous bichromate. On this basis, the present landed cost of imported bichromate, including duty, would work out to Rs. 82 per cwt. of sodium bichromate. As already mentioned in paragraph 13 above, the Board's estimate of the fair selling price of sodium bichromate for the next two years is Rs. 81-11-0 per cwt. Although there have not been any imports of bichromates for the last few years owing to the ban on imports, it is evident that, if the ban is removed, bichromate can be imported at a landed cost of Rs. 82 per cwt. including duty. Since the ban may be removed when the exchange position improves, in which case the industry would be suddenly exposed to foreign competition, we suggest that the protective duty may be continued for the present. Accordingly, we recommend that the existing protective duty of 30 per cent. *ad valorem* on sodium and potassium bichromates should be continued for a further period of two years with effect from 1st April, 1950. The industry is not only meeting the entire indigenous demand but has also developed a surplus and the continuance of the protective duty will provide a psychological reassurance to it. After discussion with the representatives of the manufacturers, importers and consumers, we are further of the opinion that the protective duty of 30 per cent. on all chrome compounds, which was based on the recommendation of the previous Board, should also continue for a further period of two years ending 31st March, 1952. We accordingly recommend that the existing item 28 (17) of the First Schedule to the Indian Customs Tariff (Thirtieth Issue) should remain unchanged for the period specified above.

(b) **IMPORT CONTROL.**— The All-India Bichromate Manufacturers' Association has stressed the necessity for the continuance of the existing ban on imports if the industry is to survive. The Association has urged that the natural effect of imports at lower prices would be to impair the position still further by restricting the scope for the sale of indigenous bichromates in the home market. The Association also apprehends that one of the chief importers, namely, the I.C.I., might use their advantageous position to oust the indigenous product from the market by effecting compulsory sale of imported bichromates with other chemicals for which there is no local production. Some of the consumers, on the other hand, have expressed a fear that, if imports are banned, the producers may exploit the situation by charging unduly high prices for their product. We do not think there is sufficient ground for such fear. In the first place there is an overproduction of bichromates in the country and there is a fair amount of internal competition among the producers themselves. Secondly, the manufacturers cannot afford to charge high prices because consuming industries can use

substitutes for bichromates for dyeing purposes. In these circumstances, we recommend that the fact that the country is not only self-sufficient in regard to supplies of bichromates, but has also a surplus for export to foreign countries and has, in fact, been so exporting, should be borne in mind in deciding the question of continuance of import control over bichromates, so long as such control has to be maintained for balance of payments considerations.

15. Besides continuance of protection beyond 31st March, 1950, the Association has asked for the following assistance:-

Other assistance asked
for by the industry.

(a) As the manufacturers are not in a position to withstand competition in the export market owing principally to the relatively high indigenous costs of production, Government should assist the industry by paying bounties on the quantities of bichromates exported. We recognise that one of the effective ways of utilising the industry's estimated capacity of 5,500 tons per annum, which is clearly in excess of indigenous demand, is to encourage exports to foreign countries. We are, however, of the opinion that unless the industry reduces its cost of production, assistance in the form of export bounties will not materially help the industry. The recent devaluation of the rupee might help the producers to export bichromates to foreign countries. We recommend that Government should include bichromates as one of the chief articles of export in all their bilateral trade agreements with foreign countries. We also suggest that Government should consider the inclusion of the bichromates industry among those industries which are assisted in pursuance of action taken to implement the recommendations of the Export Promotion Committee, since the bichromates industry has a capacity in excess of indigenous demand and has been able to export bichromates in the past, and such exports can be actively encouraged and developed.

(b) The industry has renewed the request made by it to the previous Board, for a complete cessation of imports into India of all chrome compounds such as chrome alum, chrome acetate, chrome pigments, chromic acid and other chrome salts. The previous Board was of the opinion that the protective duty of 30 per cent. *ad valorem* recommended by it on imported chrome compounds was sufficient to discourage imports of chrome compounds into India. In this connection, we were informed by the manufacturers that the ban on imports of bichromates has recently been extended to cover these articles as well. The Association has, however, complained that these articles are being smuggled into the country under other trade names. This is, however, an administrative matter which the manufacturers should take up with the Central Board of Revenue. We believe that, considering the country's balance of payments position today, there is no immediate possibility of Government removing the

existing ban on imports of chrome compounds. We are not, therefore, making a separate recommendation in this regard.

16. Our conclusions and recommendations are summarised
Summary of conclusions and recommendations. as under:-

(i) We estimate the domestic consumption of sodium bichromate and potassium bichromate for the next three years to be 2,400 and 400 tons per annum, respectively (paragraph 4).

(ii) The present total rated capacity of the eleven factories now in production is about 5,500 tons. The actual production was 2,080 tons in 1946, 2,306 tons in 1947 and 2,939 tons in 1948 [paragraph 5 (a)].

(iii) As the present indigenous demand for bichromates is much less than the rated capacity or actual production of the industry, the manufacturers should (a) produce chrome compounds in sufficient quantity so that consuming industries would not go in for substitutes, (b) achieve a substantial reduction in the cost of production of bichromates, and (c) develop export markets [paragraph 5 (b)].

(iv) The manufacturers of bichromates should negotiate through their Association with the indigenous soda ash manufacturers for the supply of soda ash at a reasonable price [paragraph 6 (a)].

(v) As regards freight rates on raw materials, specific proposals may be made to the Railway Board for its consideration [paragraph 6 (b)].

(vi) The efficiency of utilisation of raw materials is still low in comparison to efficiency which could be attained under Indian conditions. The manufacturers should, therefore strive towards a more economical utilisation of raw materials so as to lower the cost of production [paragraph 6 (c)].

(vii) The manufacturers should take immediate steps through their Association to offer purified sodium sulphate to the paper mills in India. They should also undertake the production of sodium sulphide from sodium sulphate and offer the product to the textile and other consuming industries at competitive prices [paragraph 7].

(viii) The consuming interests have found the quality of Indian bichromates to be satisfactory [paragraph 8]

(ix) According to the figures furnished to the Board, the industry exported 532 tons of bichromates in 1947 and 638 tons in 1948. Since 1948, exports have, however, declined. The quantity of bichromates exported during the first eight months of 1949 amounts to 175 tons only [paragraph 10].

(x) The existing protective duty of 30 per cent. *ad valorem* on sodium and potassium bichromates should be continued for a further period of two years with effect from 1st April 1950. The protective duty of 30 per cent. on all chrome compounds should also continue for a further period of two years ending 31st March, 1952 [paragraph 14 (a)].

(xi) The bichromates industry is not only self-sufficient in regard to indigenous demand but has a surplus capacity to export its product to foreign countries. This should be borne in mind in deciding the question of continuance of import control over bichromates, so long as such control has to be maintained for balance of payment considerations [paragraph 14 (b)].

(xii) Unless the industry reduces its costs of production, assistance in the form of export bounty will not materially help the industry [paragraph 15 (a)].

(xiii) Government should include bichromates as one of the chief articles of export in all their bilateral trade agreements [paragraph 15 (a)].

(xiv) Government should consider the inclusion of the bichromates industry among those industries which are assisted in pursuance of action taken to implement the recommendations of the Export Promotion Committee [paragraph 15 (a)].

17. We have to mention that our colleague, Mr. M. E. Rahman, sat with us to hear evidence at the public inquiry but owing to his absence from Bombay, has not been able to consider the Report or sign it. We wish to thank Mr. M. N. Kale, Assistant Development Officer to the D.G.I. & S., New Delhi, Dr. S. R. Ramachandran of the Textile Commissioner's Office, Bombay, Mr. S. S. Mehta, Board's Technical Adviser and Mr. P. V. R. Rao, Cost Accounts Officer attached to the Board for their assistance in connection with this inquiry.

G. L. MEHTA,

President.

B. V. NARAYANASWAMY,

Member.

R. DORAISWAMY,

Secretary.

Bombay,

The 28th October, 1949.

APPENDICES



सत्यमेव जयते

APPENDIX I
(Vide paragraph 1)

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE

New Delhi, the 6th August 1948.

RESOLUTION

Tariffs

No. 30-T(1)/48. - In their Resolution No. 218-T(55)/45, dated the 3rd November, 1945, as partially modified by Resolution No. 28-T(37)/47, dated the 26th November, 1947, the Government of India constituted a Tariff Board for the discharge of the duties specified in the Resolution cited above. It has now been decided that the Board shall be entrusted with the following functions in addition to those enumerated in paragraph 5 of the Department of Commerce Resolution No. 218-T(55)/45, dated the 3rd November, 1945, and paragraph 2 of the Ministry of Commerce Resolution No. 28-T(37)/47, dated the 26th November, 1947.

(1) to enquire, as and when required by Government, into the cost of production of a commodity produced in the country and to determine its wholesale, retail or other prices, and to report on the same;

(2) to recommend to Government, as and when required, measures necessary for the protection of India's industries from dumping from abroad;

(3) to undertake studies, as and when necessary, on the effects of *ad valorem* and specific duties and tariff valuations on various articles and the effects on tariff concessions granted to other countries; and

(4) to report to Government, as and when necessary, on combinations, trusts, monopolies and other restraints on trade, which may tend to affect the industries enjoying protection by restricting production, or maintaining or raising prices and to suggest ways and means of preventing such practices.

2. The Tariff Board is also hereby authorised to maintain a continuous watch over the progress of protected industries by conducting enquiries, as and when necessary, on the effect of the protective duties or other means of assistance granted, and advise Government regarding the necessity or otherwise of modifying the protection or assistance granted. The Board should also keep a careful watch to ensure that conditions attached to the grant of protection were fully implemented and that the protected industries were being run efficiently.

3. In discharging the functions enumerated in paragraph 2 of this Resolution, the Board should, in the case of all industries where he is concerned, seek the assistance and advise of the Director General, Industry and Supply as an organisation, which will supply the Board with the technical assistance required in keeping the necessary watch over the growth of protected industries.

(Sd.) S. RANGANATHAN,
Joint Secretary to the Government of India.



सत्यमेव जयते

APPENDIX II

(Vide paragraph 3)

List of persons who attended the public inquiry on 9th Sept., 1949 and were examined by the Board.

PRODUCERS:-

- | | | |
|----------------------------------|--------------|---|
| 1. Mr. Lalbhai Patel | Representing | All-India Bichromate Manufacturers' Association, Bombay, and Premier Chromate & Chemical Works, Bombay. |
| 2. Mr. Purshottamdas Popatlal, | " | Pioneer Chromate Works, Bombay. |
| 3. Mr. N. Adhikari | " | Bengal Chemical & Pharmaceutical Works, Calcutta. |
| 4. Mr. H. V. Srinivas Rangachar, | " | Government Dichromate Factory, Belagula. |
| 5. Mr. Mohanlal T. Shah, | " | Hindustan Chemical Works, Bombay. |

IMPORTERS:-

- | | | |
|--------------------|---|--------------------------------|
| 1. Mr. Fraser-Duff | " | I.C.I. (India) Ltd., Calcutta. |
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CONSUMERS:-

- | | | |
|---------------------------|---|---------------------------------------|
| 1. Mr. Nandulal M. Mehta, | " | India United Mills Ltd., Bombay. |
| 2. Dr. L. A. Bhatt | " | Kesar Sugar Works Ltd., Bombay. |
| 3. Mr. S. P. Pandit | " | Western India Tanneries Ltd., Bombay. |
| 4. Mr. R. A. Cole | " | Chrome Leather Co. Ltd., Chrompet. |

OFFICIALS:-

- | | |
|---------------------------|--|
| 1. Mr. M. N. Kale | Assistant Development Officer, D.G.I. & S., New Delhi. |
| 2. Dr. S. R. Ramachandran | Assistant Director, Textile Commissioners' Office, Bombay. |

APPENDIX III

(Vide paragraph 5)

Statement showing the rated capacity and actual production of bichromate factories as furnished
the D.G. I. & S., New Delhi.

Names of factories	Rated capacity (in tons)	-----Actual production (in tons)-----		
		1946	1947	1948 1949 (Jan. to June)
(1) Bharat Rasayan Ltd., Calcutta.	80	52.00	59.80	71.00 11.70
(2) Bengal Chemical & Pharmaceu- tical Works Ltd., Calcutta.	190	20.25	11.85	9.00 7.20
(3) Krishna Chemical Ltd., Calcutta.	100	44.55	47.60	69.00 Not given
(4) Zenith Commercial Co., Calcutta.	100	Not available	Not available	52.00 Not given
(5) Government Dichromate Factory, Belagula.	240	48.60	41.40	185.00 7.14
(6) Cawnpore Chemicals, Kanpur.	1200	425.00	510.00	800.00 264.00
(7) Hindustan Chemical Works, Bombay.	480	197.75	367.65	385.00 119.75
(8) Premier Chromate & Chemical Works, Bombay.	900	494.75	541.85	560.00 198.67
(9) Golden Chemicals, Bombay.	540	124.65	119.50	104.00 90.12
(10) Pioneer Chromate Works, Ltd., Bombay.	600	413.85	418.70	540.00 155.32
(11) Buckingham & Carnatic Co., Ltd., Madras.	1080	259.50	198.00	160.00 Not given
TOTAL.....	5,510	2,080.90	2,306.35	2,939.00 853.90

LIST OF AGENTS IN INDIA FROM WHOM GOVERNMENT OF INDIA PUBLICATIONS ARE AVAILABLE

AGRA- English Book Depot, Taj Road. National Book House, Jeomandi. Rathus & Co., Raja Mandi.	JAIPUR CITY- Garg Book Co., Tripolia Bazar. Vani Mandir, Sawai Man Singh Highway.
AHMEDABAD- Chandra Kant Chimen Lal Vora. Indranthnu Book House Ltd., Mission Road, Bhadra. New Order Book Co., Ellis Bridge.	JAMMU (Tawi) Krishna General Stores, Raghunath Bazar.
AJMER-Banshiya & Co. Ltd., Station Road.	JHANSI- Bhatia Book Depot, Sadar Bazar. English Book Depot.
AKOLA-Bakshi, Mr. N. G.	JODHPUR- Kishan Ghar, Sojati Gate. Mr. Dwarakadas Batoli.
ALLAHABAD- Central Book Depot, 44, Johnson Gang. Katabastan, 17-A, City Road. Lyn Book Co., Post Box No. 4, Albert Road. New Maroon Ltd., 1, Bank Road. Supdt., P.T.C. & Stationery, L. P. University Book Agency (of Lahore), Post Box No. 63. Wheeler & Co., M.S. A. H.	KANPUR- Advent & Co., The Mall. Sahitya Niketan. Universal Book Stall, The Mall.
ALWAR Jain General Stores, Bazara Bazar.	KOLHAPUR-Maharashtra Grantha Bhanda:
AMRALA CANTT.-English Book Depot.	LUCKNOW- J. Roy & Sons. Law Book Agency, 23-A, Eschery Road. New Oxford Book Co., Jaganmohad Palace. Universal Publishers Ltd., Plaza Boudh. Upper India Publishing House Ltd., Literature Park. Aminuddaula Park.
AMRITSAR- People's Book Shop, Court Road. Sikh Publishing House Ltd., Court Road.	LUDHIAN- Lyall Book Depot Mr. Dheeran Prakash, B. Sc., Rajjikan Road.
BANARAS- Banerjee Book Corporation, University Road, P. O. Lanka Students' Friends, University Gate. Hindi Pustak Agency.	MADRAS- Divine Trading Co., 22, Namiaswaya Madali Street. Triplicane. Nigginbothams. K. Krishnamurthy, Mount Road. Presidency Book Supplies, 8-C, Pycrofts Road. Victoria Hostel, Triplicane. Supdt., Govt. Press, Mount Road. Varadachary & Co., M/S. P.
BANGALORE- Book Emporium, M/S. S. S., 118, Q. R. Extension. Bassavangudi P. O. Vichara Sahitya Ltd., Balepet.	MANGALORE-U. R. Shenoy & Sons, Car Street.
BAREILLY- Agarwal Bros., Dera Bazar. Sahitya Niketan, Pulburi.	MERUT CANTT.-Mr. Dheeran Prakash, B.Sc.
BARODA-Good Companions.	MEERUT CITY- Prakash Education Stores, Near Tehsil. University Book Depot, Near Tehsil.
BIKANER-Goyal & Co.	MYSORE-J. Nannal & Sons, Lansdowne Buildings.
BOMBAY- Clifton & Co., P. Box No. 6753, Lion, Bombay 22. Co-operaters' Book Depot, 9, Bakshouse Lane, Fort. Dutt & Co., P. O. Box No. 6016, Parul. Lakhani Book Depot, Bombay 4. National Information & Publications Ltd., National House. New Book Co., Kitab Mahal, 188-90, Hornby Road. Popular Book Depot, Grant Road. Supdt., Govt. P.T. & Stry, Queens Road. Sydenham College, Co-operative Stores Ltd., 90, Hornby Road. Tasaporevala Sons & Co., M/S. D. B. Thacker & Co., Ltd. Tripathi & Co., M/S. N. M., Princess Street. Kalbadadi Road. Wheeler & Co., M/S. A. H.	NAAGPUR-Supdt., Govt. Printing, Central Provinces.
CALCUTTA- Chatterjee & Co., 3, Bache Ram Chatterjee Lane. Hindu Pustak Agency, 203, Harrison Road. Hindu Library, 60-A, Raja Ram Das Street. Lahiri & Co., Ltd., M/S. S. K. New Man Co., Ltd., M/S. W. R. Combray & Co., M/S. Kant House, P33, Mission Road Extension. Roy Choudhury & Co., M/S. M. W., 72, Harrison Road. Sarker & Sons Ltd., M/S. S. C., 1/1/10, College Square. Standard Law Book Society, 41, Beltala Road. Bhuvanipur P. O. Thacker, Spink & Co. (1933), Ltd.	NEW DELHI- Aarir Book Co., Connaught Circus. Shawani & Sons, Connaught Place. Bodhi Raj Varshah, Shop No. 65, Pusa Road Market. Karol Bagh. Clifton & Co., Orgl. Rd., K. Bagh. Empire Book Depot. English Book Store, G. Block, Connaught Circus. Fazir Chand Marwah & Sons, No. 1-A, Regal Building. Connaught Circus. Harikishan Des Bedi, K.S., 22, Ansona Feroze Shah Road. J. Roy & Sons (India) Ltd. Jain Book Agency, Connaught Place. Jyotsna Book Depot, Chapparewalla Kuan, Karol Bagh. Oxford Book & Stationery Coy., Seindia House. Ran Krishna & Sons (of Lahore), 13/13, Connaught Place. Sarawati Book Depot, 15, Lady Hardinge Road. Sikh Publishing House Ltd., 7C, Connaught Place.
CHAMBA-Chamba Stationery Mart.	PATIALA-Jain Co., Booksellers, etc.
CHANDIAUSI-Mr. Madan Mohan.	PATNA- Sohan Singh & Sons, Pirahani, P.O. Kade Juen. Supdt., Government Printing, Bihar, P.O. Gulesh Bagh.
CUTTACK-Press Officer, Orissa Secretariat.	PATNA CITY- Hindi Pustak Agency. Lakshmi Trading Co., Padri-ki-Mawli. Raghunath Prasad & Sons.
DEHRA DUN-Jugal Kishore & Co.	POONA- Deccan Book Stall, Ferguson College Road. Express Book Service, East Street. International Book Service, Deccan Gymkhana.
DELHI- Agra Ram & Sons, Publishers etc., Kashmir Gate. Bakshi Brothers, 188, Lajpat Rai Market. Federal Law Depot, Kashmir Gate. Hindi Pustak Agency. Imperial Publishing Co., 3 Fair Bazar, Darya Gang. Indian Army Book Depot, 3, Darya Gang. Jaina & Bros., M/S. J. W., Mori Gate. M. Gulab Singh & Sons. Metropolitan Book Co., Delhi Gate. N. C. Khandel & Co., Model Bazar, Lane No. 3. New Stationery House, Subramundi. Technical & Commercial Book Depot., Students' Park, Kashmir Gate. Youngman & Co. (Regd.), Egerton Road.	PUDUCHOTTAI P.N. Swaminathan Sivan & Co., Perumal Vayas, Bharat Street.
FERUZEPUR-English Book Depot.	RAJKOT-Mohan Lal Dorabhai Shah.
GDRANPUR-Hatchal Sahitya Mandir.	RANCHI-Ideal Book Store, Near Parishan Theatre, Main Road.
GWALIOR- Jain & Bros., M/S. M. R., Sarafa Road. Mr. P. T. Sather, Law Books Dealer.	ROORKEE-Cambridge Book Depot.
HYDERABAD (DECCAN)-Hyderabad Book Depot.	SHILLONG-Supdt., Assam Secretariat Press.
INDORE-Students and Studia, Sanyogitaganj.	SYMLA- J. Roy & Sons (India) Ltd. J. Roy Mahal, Still No. 13. Minerva Book Shop, Regal Cinema Building. Sunder Das & Sons, 141, Lower Bazar.

*For Hindi Publications only.